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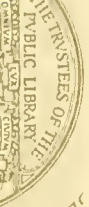
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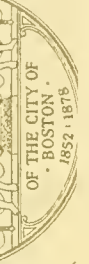
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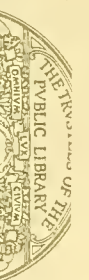




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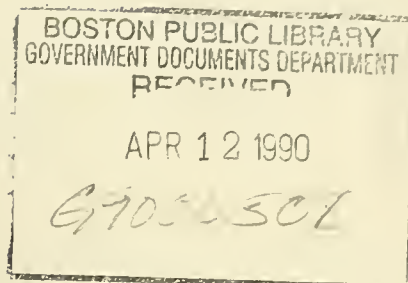
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EVERYTHING YOU'VE EVER WANTED TO KNOW ABOUT PROPERTY TAXES:

AN INFORMATION GUIDEBOOK.



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RAYMOND L. FLYNN, MAYOR
Thaddeus J. Jankowski, Jr.
Commissioner



April, 1989

Dear Concerned Citizen,

As Commissioner of the Assessing Department, I am committed to creating an assessment system that City taxpayers can look to as an example of efficiency, creativity and performance.


As part of that commitment, the Assessing Department has prepared an assessment information package for policy officials, researchers, members of the news media, taxpayer groups, and community leaders in order that they may use its contents as a reference guide in the process of informing their members and the public on property tax issues.

Everything You've Ever Wanted to Know About Property Taxes: An Information Guidebook evolved from three information packages that were created in September and October 1988. The information packages were so well received, that we determined to create a consolidated primer on property tax assessments.

Many Assessing employees contributed to the production of this guidebook. I especially want to recognize the contribution of Ms. Rose Viola, who typed the manuscript.

I hope that you will find this publication helpful and that you will forward your comments and suggestions for improvement. If you would like additional copies or if you have questions regarding our efforts, please call Michael Morgan of my staff at 725-4283.

I appreciate your interest in furthering the understanding of property tax administration in the City and the Commonwealth.

Sincerely,


Thaddeus J. Jankowski, Jr.
Commissioner of Assessing

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NOTE

THIS PUBLICATION REPRESENTS A SIMPLIFICATION OF ASSESSMENT AND TAXATION LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

IF PARTICULAR QUESTIONS ARISE WHICH REQUIRE A MORE DETAILED RESPONSE, PLEASE CALL THE ASSESSING INFORMATION CENTER, ASSESSING DEPARTMENT 725-4287.

MORE DETAILED INFORMATION CAN ALSO BE FOUND IN THE FY 1988 ANNUAL REPORT OF THE ASSESSING DEPARTMENT, CITY OF BOSTON.

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CHAPTER ONE: CITY OF BOSTON ASSESSING DEPARTMENT

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1. MISSION

The Assessing Department of the City of Boston is responsible for determining the value of all real and personal property located within the City for the purpose of taxation. In addition, the Department administers the motor vehicle and boat excise tax.

Assessors are statutorily obligated to assess all property at its full and fair cash value as of January first of each year. The Massachusetts General Laws define full and fair cash value as the price an owner willing, but not under compulsion to sell, ought to receive from one willing, but not under compulsion to buy.

Massachusetts law further requires each city and town to conduct a complete revaluation of its property every three years. Pursuant to that requirement, the City of Boston conducted its third city-wide property revaluation in FY 1989. The next revaluation is scheduled for implementation in FY 1992.

The establishment and maintenance of fair market value assessments in an exceedingly dynamic real estate market requires the careful combination of management, appraisal and technical skills.

2. ORGANIZATIONAL STRUCTURE

The Commissioner of Assessing manages the Assessing Department and oversees all aspects of the valuation and assessment process.

The Assessing Department is presently organized around four major functional areas.

1. Valuation

The Valuation Division determines fair cash value assessments each year for residential, commercial, industrial, and personal property. There are approximately 30,000 parcels of commercial real estate and 90,000 parcels of residential real estate. In addition, there are 10,000 items of personal property. Assessment records are reviewed annually to reflect new construction, fire damage, demolition or rehabilitation. Appraisal personnel are organized along neighborhood-based assignments.

The Information Systems Unit maintains the computer system which stores and allows access to land and building data for valuation purposes. The Quality Control Unit insures that proper documentation is maintained for all changes to inventory or value.

Valuation division personnel review all abatement applications and assist in the defense of valuation before the state Appellate Tax Board.

2. Valuation Standards

The Valuation Standards Division utilizes computer software to develop state-of-the-art statistical modeling and analysis techniques for the valuation division. The work of this division provides check points that ensure fair and equitable property values across the City.

3. Tax Administration Finance

The Tax Data/Engineering Unit maintains accurate parcel and ownership data based on records at the Registry of Deeds. Maps are maintained for accurate parcel identification, including subdivisions, consolidations, etc. The Assessing Information Center

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assists taxpayers in understanding property taxation through personal contact, correspondence, brochures and local meetings. Personnel and Fiscal Affairs oversee activities related to hiring and employment, payroll, budget and purchasing. The training unit coordinates all professional and in-house training. Support services schedules and maintains the Department's motor vehicle fleet and provides other support for the Department's activities.

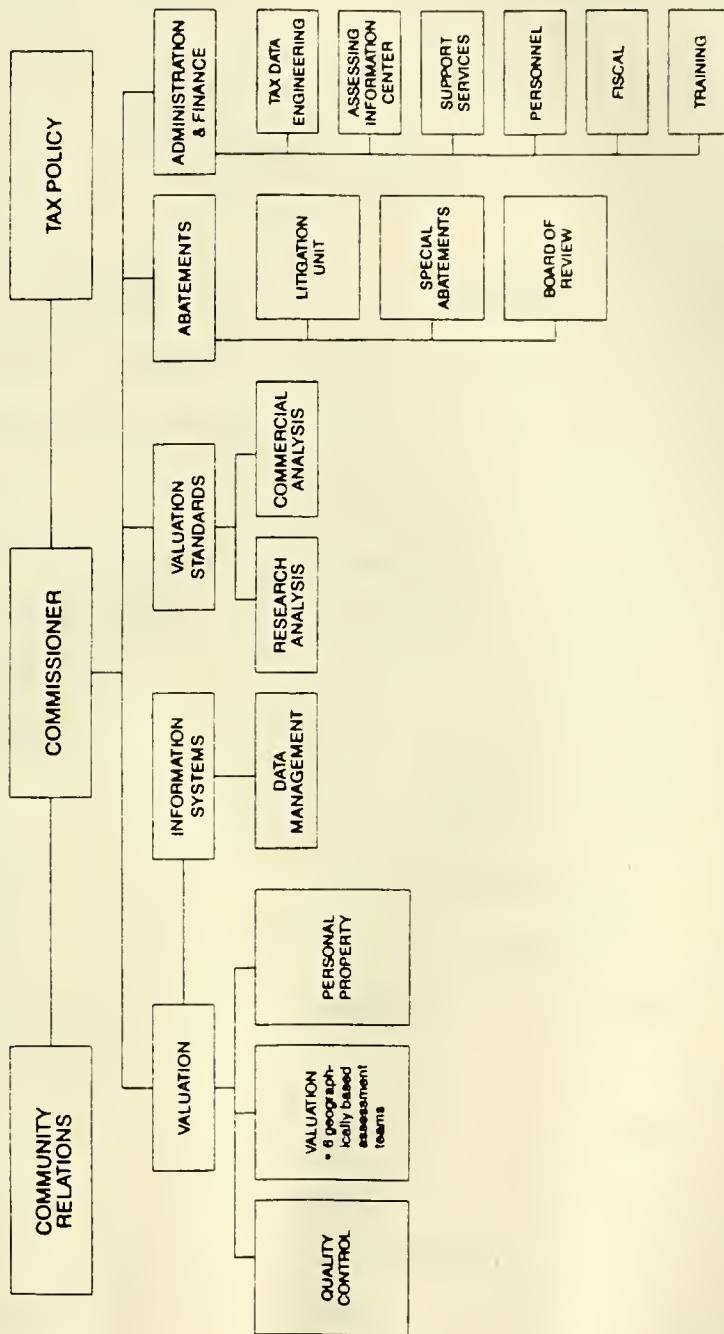
These units also have major responsibilities relative to the administration of the motor vehicle and boat excise tax, and the processing of personal exemptions.

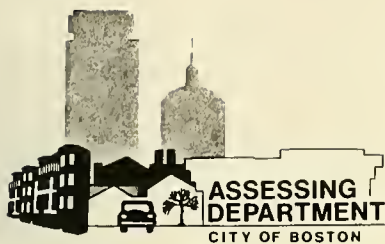
4. Abatement and Exemption

The Chairperson of the Board of Review supervises the abatement and exemption activities of the Department. All abatement and exemption applications are reviewed by the three members of the Board of Review before a recommendation is forwarded to the Commissioner of Assessing. The Litigation Unit provides legal counsel within the Department and represents the Department in appeals which are filed with the state Appellate Tax Board. The Special Abatement Unit determines if a recommendation shall be forwarded to the Commissioner of Revenue to authorize an abatement of unpaid taxes.

ORGANIZATIONAL CHART

ASSESSING DEPARTMENT





DIRECTORY

ASSESSING DEPARTMENT CITY OF BOSTON

UNIT	LOCATION	TELEPHONE NUMBER
ADMINISTRATION AND FINANCE	Room 301 - City Hall	725-4429
ASSESSING INFORMATION CENTER	Room 301 - City Hall	725-4287
BOARD OF REVIEW	Room 301 - City Hall	725-4260
COMMUNITY RELATIONS	Room 301 - City Hall	725-4282
EXECUTIVE - COMMISSIONER	Room 301 - City Hall	725-4264
HUMAN RESOURCES	Room 301 - City Hall	725-4499
INFORMATION SYSTEMS	294 Washington St.	725-3409
LITIGATION	Room 301 - City Hall	725-4382
PERSONAL PROPERTY	294 Washington St.	725-3409
QUALITY CONTROL	294 Washington St.	725-3409
SPECIAL ABATEMENT	Room 301 - City Hall	725-4797
TAX DATA ADMINISTRATION -		
ENGINEERING	Room 333 - City Hall	725-3790
TAX POLICY	Room 301 - City Hall	725-4586
VALUATION	294 Washington St.	725-3409
VALUATION STANDARDS	294 Washington St.	725-3409

3598-M



CHAPTER TWO: ASSESSMENT ADMINISTRATION

2345-M



5. ASSESSORS - GENERALLY

An assessor is the person in each city or town who estimates the value of property and assesses taxes. The assessor is responsible for the appraisal of all property both real and personal, at its fair market value.

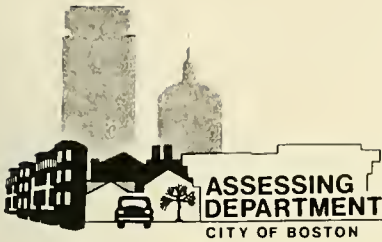
Assessors may be elected or appointed, depending on the charter of the city or town. In Boston, the Mayor appoints a Commissioner of Assessing. The present Commissioner of Assessing is Thaddeus J. Jankowski, Jr., appointed by Mayor Flynn in December 1986.

City and town assessors work closely with and under the general supervision of the Commissioner of Revenue, Commonwealth of Massachusetts. The Department of Revenue is the state agency that supervises state and local tax assessment and collection.

Any person elected or appointed as an assessor must meet certain minimum qualification standards established by the Commissioner of Revenue.

The assessor is not concerned directly with the collection of taxes, nor the amount of tax levy imposed. These matters are the responsibility of the tax collector and the governing body in a community.

2127-M



6. PROPERTY TAX ASSESSMENTS

The major source of revenue for the 351 cities and towns in Massachusetts is the property tax.

The property tax is an "ad-valorem" (based on value) tax. The tax is apportioned to individual properties based on the value of the property.

In Massachusetts, estimates of value (or appraisals) are called assessments. The assessment of a large number of parcels for property tax purposes constitutes a highly specialized field of appraisal.

In Massachusetts, the property tax is assessed on real and personal property to the person who is the owner on January first.

2129-M



7. REAL AND PERSONAL PROPERTY

In taxation, the term "property" includes both real and personal property. Since they are taxed separately, a careful distinction between the two is necessary.

Real property includes land and all improvements. It is the physical land and everything attached to it, including everything under the ground (water and mineral rights) and everything above the ground. It includes all benefits, rights, interests and limitations inherent in the ownership of the real estate.

Personal property consists of moveable physical items not permanently attached to the real estate. Many items of personal property are exempt in Massachusetts. There are three general types of personal property that are taxable: 1) business and professional furnishings; 2) household furnishings in property other than the principal residence (for example, a summer house) and 3) personal property of public utilities.

2131-M



8. PROPERTY TAX RATE

There are two factors in the determination of the property tax rate: the Property Tax Levy and the Total Assessed Value.

Property Tax Levy: The tax levy is the amount of money to be raised by the property tax. Each year the amount that can be raised must be determined in accordance with Proposition 2 1/2.

Total Assessed Value: Assessed value is the dollar amount of value assigned to a parcel of property by the assessor. The total assessed value of a city or town is the sum of assessed values for all taxable property in the city or town. The value of tax exempt property, such as churches or federal buildings, is not included.

The Tax Rate is the amount (in dollars) a taxpayer owes for each one thousand dollars of assessed value. The tax rate is determined by dividing the tax levy by the total assessed value of the city or town.

$$\text{Property Tax Rate} = \frac{\text{Property Tax Levy}}{\text{Total Assessed value}}$$

Example: If a city or town levied \$5 million and the total assessed value was \$200 million, the property tax rate would be:

$$\text{Property Tax Rate} = \frac{\$ 5,000,000}{\$200,000,000} = .025 = \$25 \text{ per thousand dollars of value}$$

It is customary in Massachusetts to express the tax rate as the number of dollars per thousand dollars of assessed value. In the above example, the tax rate would be expressed as \$25 per thousand dollars of value.

The Tax Bill is determined by multiplying the tax rate by the property's assessed value. If a home is assessed at \$100,000 and the tax rate is \$25, the tax bill is \$2,500.

2132-M



9. ASSESSMENT DATES AND FISCAL YEARS

In Massachusetts, the assessment date is January first.

It is the ownership, condition and value of the property on January first that is critical in the assessing function. Any new structures, additions, demolitions, improvements or alterations that occur after January first will not be reflected in assessing records until the next January first. The only exception is certain exempt property which has a date of determination of July first.

In Massachusetts, the fiscal year commences on July first and ends on the following June thirtieth.

Property taxes are assessed for the fiscal year (July 1 - June 30) based on the value of the property as of the previous January first.

For example, property taxes for FY 1990 (July 1, 1989 to June 30, 1990) are based on the value of the property as of January 1, 1989..



10. ASSESSMENT CALENDAR - CITY OF BOSTON

DATE	EXPLANATION
JANUARY 1	PROPERTY TAX ASSESSMENT DATE FOR FISCAL YEAR BEGINNING JULY 1 THROUGH FOLLOWING JUNE 30. ASSESSED VALUES ARE BASED ON THE STATUS AND CONDITION OF THE PROPERTY ON JANUARY FIRST.
JULY 1	<ul style="list-style-type: none"> ○ BEGIN FISCAL YEAR ○ ELIGIBILITY DETERMINATION DATE FOR CERTAIN PROPERTY TAX EXEMPTIONS
JULY 15	<ul style="list-style-type: none"> ○ INDIVIDUALS WHO RECEIVED CLAUSE EXEMPTIONS (Elderly, Disabled Veteran, Surviving Spouse, Blind, etc.) IN THE PRIOR YEAR WILL RECEIVE RENEWAL APPLICATIONS IN THE MAIL. ○ INDIVIDUALS WHO RECEIVED A RESIDENTIAL EXEMPTION IN THE PRIOR YEAR WILL RECEIVE RENEWAL APPLICATION IN THE MAIL. <p>(Renewal applications should be completed and returned timely in order to receive a credit on this Fall tax bill.)</p>
OCTOBER/NOVEMBER	<ul style="list-style-type: none"> ○ COLLECTOR ISSUES TAX BILL FOR FISCAL YEAR BASED ON VALUE OF PROPERTY AS OF JANUARY 1. TAX MUST BE PAID WITHIN 30 DAYS. ○ ABATEMENT APPLICATIONS MUST BE FILED 30 DAYS AFTER MAILING OF TAX BILL

- RESIDENTIAL EXEMPTION APPLICATION MUST BE FILED WITHIN 3 MONTHS OF MAILING OF TAX BILL
- PERSONAL CLAUSE EXEMPTION APPLICATIONS MUST BE FILED WITHIN 3 MONTHS OF MAILING OF TAX BILL (Elderly, Blind, Disabled Veteran, Surviving Spouse, etc.)
- DECEMBER 15
 - DEADLINE FOR FILING RESIDENTIAL EXEMPTION APPLICATION AND CERTAIN PERSONAL EXEMPTIONS (or 3 months after the mailing date of the tax bill, whichever is later)
- JANUARY 1
 - PROPERTY TAX ASSESSMENT DATE FOR FOLLOWING FISCAL YEAR
- JANUARY/FEBRUARY
 - ASSESSORS COMPLETE REVIEW OF ABATEMENT APPLICATIONS - NOTICE OF ACTION/INACTION MAILED TO ABATEMENT APPLICANTS
- MARCH 1
 - OWNERS OF TAXABLE PERSONAL PROPERTY MUST FILE FORM OF LIST WITH ASSESSOR
 - FINAL DATE FOR CHARITABLE ORGANIZATIONS TO FILE FORM 3ABC WITH ASSESSOR
- APRIL
 - COLLECTOR MAILED SECOND HALF FISCAL YEAR TAX BILL - PAYABLE WITHIN 30 DAYS
- APRIL/MAY
 - LAST DAY FOR TAXPAYERS TO APPEAL DENIAL OF ABATEMENT APPLICATION TO STATE APPELLATE TAX BOARD (3 months after decision of assessor or date on which application deemed denied by reason of inaction)
- JUNE 20
 - LAST DAY FOR ASSESSORS TO MAIL OMITTED OR ADDITIONAL ASSESSMENTS FOR FISCAL YEAR
- JULY 1
 - BEGIN NEW FISCAL YEAR



11. FAIR CASH VALUE

In Massachusetts, property must be assessed at full and fair cash value. The terms "full and fair cash value", "market value", "one hundred percent value", "fair market value" are essentially synonymous.

The International Association of Assessing Officers defines "market value" as the highest price in terms of money that a property will bring in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale and assuming that the price is not affected by undue stimulus.

Actual sales are strong evidence of full and fair cash value, for they represent what a buyer has been willing to pay a seller for a particular property. However, buyers and sellers in the market range from those who are very knowledgeable to those who are almost completely uninformed. For this reason, one individual transaction should not be substituted for the term "market value". As a result, a price paid for property must be tested by the assessor in relation to the definition of market value.

Since all parcels in a community do not sell every year, actual sales are used as an indication of the market value of those properties that have not sold. Assessors must research each sale and compare it to the definition of market value.

The appraisal process involves the assembly analysis and classification of various types of information into a value estimate. The three approaches traditionally used to value property are the cost, market and income approach. The assessor considers the amount of data collected, the strengths, weaknesses and relevancy of each valuation approach, and determines an assessed value for each property.

In jurisdictions with a large number of parcels and sales, computer programs assist the assessor in determining annual assessments.

2134-M



12. EVASION OF TAXATION

A taxpayer who wilfully conceals, removes, transfers or misrepresents any property to evade valuation, assessment, or classification, or otherwise acts with the intent to avoid taxation will be subject to a fine of not less than \$1,000 nor more than \$5,000.

A person who furnishes a false list or schedule to an assessor with the intent to evade any law relating to the assessment or payment of taxes is punishable by a fine of not more than \$1,000 or imprisonment for not more than one year.

2151-M



CHAPTER THREE: EXEMPTIONS

2355-M



13. EXEMPTIONS VS ABATEMENTS

An exemption is a privilege allowed by the state legislature. It releases a property owner from the obligation to pay all or a portion of the tax assessed on a parcel of property. An exemption is allowed because of the status of the person or organization, and the burden is on the person or organization to establish that the owner is entitled to an exemption.

Exemptions are discussed in §§.13-23.

An abatement is a reduction in the assessed value of property. An abatement is granted where the property is overassessed, improperly classified, or disproportionately assessed. Abatements are granted where the assessed value does not represent the fair cash value of the property on the assessment date.

Abatements are discussed in §§.40-49.

2286-M



14. EXEMPTIONS - INTRODUCTION

Over the years, the Massachusetts General Court has adopted a series of exemptions from all or a portion of tax liability for certain types of organizations or groups of persons. There are over fifty exemption provisions at present.

An exemption is a privilege allowed by the state legislature. An exemption releases a property owner from the obligation to pay all or a portion of the taxes assessed on a parcel of property.

Exemptions from taxation are recognized only where the property use or status of the individual clearly falls within the terms of the exemption. The burden of proving an exemption is on the taxpayer who claims it.

The date of determination as to age, ownership or other factors necessary to qualify is generally July first of each year unless the specific provision indicates otherwise.

Every parcel of property exempted from taxation increases the amount of taxes that must be collected from that property which is taxable. Exempted property reduces the total assessed value of the city or town, thus increasing the rate on remaining taxable property.

2211-M



15. PERSONAL EXEMPTIONS - GENERALLY

An exemption is a release from the obligation of having to pay taxes on all or part of the assessed value of a parcel of real property. Personal exemptions are a reduction in taxes due to particular personal circumstances and qualifications set forth in the Massachusetts General Laws. The burden is on the applicant to show that he or she falls within the express terms of the exemption provision.

Personal exemptions must be filed no later than December fifteenth of each year or three months after the mailing of the tax bill, whichever is later.

Exemptions are granted for one year only. An application must be filed each year.

Full or partial exemptions are provided in the General Laws for the following persons: -

- Elderly (over the age of 70)
- Veteran (with service connected disability)
- Blind
- Widow/Widower
- Minor child of deceased parent
- Hardship (due to age, infirmity and financial condition)

The chart on the following page summarizes the qualifications and restrictions for each of the exemptions. In general, a taxpayer may receive only one of the exemptions listed. A hardship exemption may, however, be granted to a person who has received another of the exemptions.

2212-M

16. PERSONAL EXEMPTIONS - CHART

CITY OF BOSTON - FY 1989

All applicants must own and occupy the property as of July first. This chart represents an overview of exemption provisions. For more information, call the Assessment Information Center, 725-4287.

STATUS as of July 1	CLAUSE	INCOME RESTRICTION	GROSS ESTATE LIMITATION see note one	OTHER REQUIREMENTS	AMOUNT OF EXEMPTION see note two
ELDERLY	17D	NONE	\$40,000	RESIDENCY	\$175
	41C	SINGLE-\$15,199 MARRIED- \$18,298	SINGLE-\$28,000 MARRIED- \$30,000	RESIDENCY OWNERSHIP	\$500
SURVIVING SPOUSE MINOR CHILD	17D	NONE	\$40,000	NONE	\$175 Police/Fire-Full
VETERAN (or Surviving Spouse)	22 22A-E	NONE	NONE	>Service connected disability at least 10% and residency >or, Purple Heart >or, Gold Star parent	\$175-\$875 Paraplegic-Full
BLIND	37A	NONE	NONE	BLIND	\$500
HARDSHIP	18	FINANCIAL HARDSHIP	FINANCIAL HARDSHIP	AGED, INFIRMITY FINANCIAL HARDSHIP	PARTIAL TO FULL EXEMPTION

>>NOTE ONE: The value of the domicile is not included in the computation of the applicant's gross estate.
>>NOTE TWO: The City of Boston has accepted a local option statutory provision authorizing the grant of an additional amount of exemption which could result in as much as double the amount indicated, subject to certain restrictions.



17. PERSONAL EXEMPTION - OPTIONAL SUPPLEMENT

Upon acceptance of an optional provision of law by a city or town, a taxpayer who shall otherwise qualify for a personal exemption will be entitled to an additional exemption not to exceed 100% of the exemption for which the taxpayer is qualified.

The optional supplement was enacted by the General Court in recognition of the effects of full value revaluations on clause exemption recipients.

In no instance shall the taxable valuation of the property, after all applicable exemptions, be reduced below ten percent of its full and fair cash value. The additional exemption shall not result in any taxpayer paying less than the taxes paid in the preceding year.

The City of Boston has accepted the local option and grants the optional supplement to all clause exemption recipients.

2244-M



18. TAX DEFERRAL PROGRAM

Massachusetts cities and towns offer a tax deferral program for taxpayers who are over the age of 65 years. The deferred amount becomes a lien on the property.

A tax deferral permits the delayed payment of property taxes. As opposed to an exemption, deferred taxes must eventually be repaid when the property is sold, transferred, or upon the death of the owner. A person may receive an exemption and also receive a deferral of the remainder of taxes on the same parcel.

Taxes, plus interest at 8% may be deferred every year until the total tax and interest due is equal to one-half of the full and fair cash value of the property. When that point is reached, although the taxpayer may no longer defer payment on current and future taxes, the deferred taxes and interest may remain unpaid until the sale of the property or the death of the taxpayer. A surviving spouse may continue the deferral upon the death of the spouse.

Applicants for the deferral program must have reached the age of 65 as of July first of the tax year, have owned and occupied the property for at least five years, resided in Massachusetts for at least ten years, and have a gross income of less than \$20,000.

Applications for a tax deferral must be filed by December 15 or three months after the mailing of the tax bill.

2246-M



19. GOVERNMENT PROPERTY

In general, property owned by federal, state, county or local governments is exempt from local property taxation.

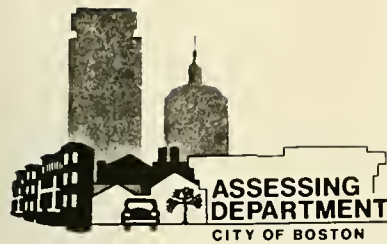
Property owned by the United States is exempt from local taxation except such property as the U.S. Congress has permitted to be subject to taxation.

Property of the Commonwealth, with certain exceptions, is also exempt from local taxation.

Government authorities such as Massport Authority or Mass. Bay Transit Authority are generally exempt from property taxes by specific provisions in the legislation establishing the governmental entity.

Real estate owned by the U.S, the Commonwealth of Massachusetts, a county, city or town, if used in connection with a business conducted for profit or leased or occupied for other than public purposes may be taxed to the user, lessee or occupant to the same extent as if the user, lessee, or occupant were the owner. No tax assessed can be a lien against the land, but the interest of any lessee may be sold by the Collector of Taxes for non-payment of tax. This provision does not apply to a use, lease, or occupancy which is reasonably necessary to the public purpose of a public airport, port facility, Massachusetts Turnpike, transit authority or park which is available to the use of the general public.

2247-M



20. CHARITABLE ORGANIZATIONS

Property owned by charitable organizations is exempt in Massachusetts. A "charitable organization" is a literary, benevolent, charitable or scientific institution or temperance society.

Educational institutions and hospitals are generally considered charitable organizations.

An organization or institution will be considered charitable if the dominant purpose of its work is for the public good and not for the benefit of its members or a limited class of persons.

The burden is on the organization asserting tax exempt status to establish it. Any special consideration that was formerly given to charitable and educational institutions by a liberal construction of exemption policies no longer apply as recent judicial decisions have shown a concern for the increasing proportion of real estate enjoying exemption from taxation and the corresponding increase in the burden being imposed on the shrinking proportion which is taxable.

The real estate of a charitable organization ceases to qualify for a tax exemption if the property is leased to a non-exempt lessee.

A charitable organization must file with the assessor annually a list and statement every year (Form 3ABC) and a copy of the report filed with the Division of Public Charities in the Department of the Attorney General.

If the dominant use of the property is not charitable, there will be no exemption.

An organization which seeks an exemption on the ground of charitable exemption must file an application for abatement within thirty days after the mailing of the tax bill.

2248-M



21. OTHER EXEMPT ORGANIZATIONS

Houses of religious worship and parsonages are tax exempt. The exemption, however, does not extend to any portion of a house of worship which is used for purposes other than religious worship or instruction. The occasional use of property by an organization exempt from taxation under 501 (c)(3) of the U.S. Internal Revenue Code is acceptable. Land owned by a religious corporation but not necessary or incidental to the use of the church as a house of public worship is not exempt from taxation.

Cemeteries are tax exempt.

Solar and wind powered systems for energy needs are exempt for twenty years.

Certain pollution control structures and devices are tax exempt.

Certain personal property of certain business and manufacturing corporation is exempt.

Upon local acceptance, the value of alterations or improvements to residential property to provide housing for a person over 60 years old and who is not the owner is exempt.

There are over fifty provisions relative to exemption of real and personal property. See Mass. General Laws, Chapter 59, §5 for a complete list.



22. PROPERTY TAX EXEMPTIONS - FUNDING

Generally, cities and towns receive no financial reimbursement for real property which is exempt.

For a limited number of personal exemptions, such as elderly, the Commonwealth provides each year for partial reimbursement to cities and towns.

Any law taking effect on or after January 1, 1981 granting or increasing exemptions from local taxation will be effective in a city or town only if the city or town votes to accept the statutory provision or if the General Court, at the same session in which the law is enacted, provides by general law and by appropriation for payment by the Commonwealth to each city or town of any loss of taxes resulting from the exemption.

2250-M



23. PILOT PROGRAM - EXEMPT ORGANIZATIONS

Property owned by charitable, educational and health organizations is generally exempt from paying property taxes. Such institutions, however, still utilize City of Boston police, fire, and public health resources, for examples.

In light of the fact that a significant portion of the City is devoted to colleges, hospitals, and other cultural and charitable uses, the City of Boston has instituted a payment in lieu of tax program which encourages major tax exempt institutions to contribute to the public expense associated with the institution.

In FY 1988, over \$10,417,095 was collected as a result of the City's PILOT agreement effort.

The City's PILOT program has provided a model for other cities across the country.

2289-M



CHAPTER FOUR: TRIENNIAL REVALUATION

2370-M



24. REVALUATION

The law in Massachusetts requires that all property be assessed at its fair cash value - what a willing buyer would pay to a willing seller.

The rationale for full value assessments is equity. Two houses of equal market value in a community should be assigned equal assessments.

The assessors of each community are responsible for developing a program to accomplish a fair cash valuation of all property within the community. A continuing program of equalization must be developed in order to maintain fair cash values and to meet the triennial certification requirement established by law.

2141-M



25. DATA COLLECTION/ANALYSIS

Important components of a continuing equalization program include a periodic inspection of properties undergoing renovation, or that have recently sold; performing sales-ratio analyses by location and style of property; and a continuing program of updating assessment maps.

Inspection of the principal structures of a parcel is an important aspect of a revaluation program.

Assessors will generally inspect each structure unless permission to inspect is denied. Where inspection is denied, the lister will generally estimate the data sought based on his or her observation of the structure and neighborhood. In the case of denial, the data collector will generally estimate the value and characteristics of the property to be equal to the best property in the neighborhood.

If the occupant is not at home, several additional attempts are usually made to visit the home. Usually a notification will be left at the home informing the owner that an unsuccessful visit has been made and that the owner should contact the assessor's office to arrange for an appointment. If no appointment is made, the data collector will estimate the value in the same manner as if access were denied.

Assessors may request an owner or lessee of real estate to complete an information request containing such information about the property as may be reasonable to determine the actual fair cash value of the property. Failure to comply with the request within the statutory time period can result in a fine and loss of any appeal of the assessed value to the state appellate tax board.

2142-M



26. HOW VALUES ARE DETERMINED

The job of the assessor is to determine the market value of every parcel of property in a city or town as of each January first.

In practice, there are three universally accepted approaches to value: market, income and cost.

Market approach - Market sales of similar properties which sold in the year prior to January first are analyzed, compared and adjusted to forecast what the property would sell for on January first. When there are many sales, the market approach is the most accurate and dependable tool in the determination of value. Most residential property is valued by the market approach.

Income approach - The income approach is most applicable to real estate that is normally bought and sold on the basis of its income-producing capabilities, such as retail stores, office buildings, apartment buildings and industrial properties. The approach requires significant data such as rents, occupancy rates, operating expenses, and investor requirements. The approach is most useful in valuing investment property where sufficient market sales are not available.

The income approach considers the income stream that a property is likely to produce for an investor over a definite period of time. The process of capitalization converts the future benefits of ownership into present worth or market value. The elements of capitalization are income (I), rate (R) and value (V). The income approach formula is expressed as follows: Value equals income divided by rate ($V = I/R$).

Cost approach - The cost approach involves an estimate of the current reproduction or replacement cost of the building, deducting an estimate of depreciation (or loss of value from any cause) and then adding an estimated value of the land.

Reproduction cost is the amount of money necessary to erect a new structure that is an exact replica of the existing building. It is appropriate in the case of recent construction.

Replacement cost is the expenditure necessary to build a new building equal in utility to the original and able to serve as a substitute in function. It is more applicable to older buildings.

The cost approach is most applicable to special purpose properties that are not readily sold or rented.

Final correlation: The final stop in the appraisal process is to analyze the value indications from the cost, market and income approaches and determine a single market value determination for the parcel of property.



27. CERTIFICATION OF VALUES

The Commissioner of Revenue determines triennially whether assessed values in a city or town represent full and fair cash valuation for each class of real and personal property.

Cities and towns cannot implement the levy allocation provisions of the Classification Act unless the Commissioner has certified that local assessments reflect full and fair cash value.

Upon completion of proposed assessed values, the assessor submits a request for certification review to the Department of Revenue.

The Bureau of Local Assessment is the division of the Department of Revenue that conducts the certification process. The Department generally requires documentation of valuation methodology (that is, how the city or town arrived at the assessed value of each parcel of property), a list of all sales of property in the city or town during the year preceding the assessment date, and the proposed new assessed values.

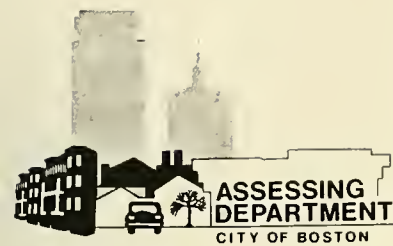
The Bureau of Local Assessment (DOR) conducts a statistical analysis and performs a preliminary field review. If all of the standards have been met, the Bureau notifies the city or town of preliminary certification.

Upon receipt of preliminary certification, the assessors implement a program of public disclosure intended to provide taxpayers an opportunity to inquire about proposed new assessments.

Upon completion of the public information effort, the assessors are required to supply the Bureau of Local Assessment with with a list of all parcels that will have a proposed final valuation greater than 10% from the initial proposed valuation.

Upon notification from the Bureau of Local Assessment that the proposed values represent full and fair cash values, the city or town starts the classification process.

2303M



CHAPTER FIVE: CLASSIFICATION

2371-M



28. CLASSIFICATION ACT

In 1978, the citizens of the Commonwealth adopted a Constitutional Amendment authorizing the General Court to classify real property into as many as four classes and to tax such classes differently. In 1979, the General Court adopted an act which implemented the desires of the citizens. The act enjoyed popular support as a means to prevent the shifting of taxes from business property onto residential property as a result of court ordered revaluations.

Classification does not raise additional dollars from the property tax.

Preferential tax treatment for residential property is not required, but is rather a local option.

The Commissioner of Revenue supervises the implementation of property classification. After the Commissioner has determined that a city or town's assessed values represent full and fair cash values, the assessors classify all real property according to use. Local elected officials are then permitted to determine, within limits calculated by the Commissioner, what percentage of the tax burden is to be borne by each property class.

The determination whether to allocate the tax burden by class is made annually. In a city, the decision to allocate tax burdens in accordance with the law is made by the city council, with the approval of the mayor; in a town, the decision is made by the selectmen.

Massachusetts law provides for three phases: first, every city and town must value all taxable property at full and fair cash value; second, each city and town must classify every parcel of property according to use; third, each city and town which has revalued and classified may allocate its tax levy among classes of property. The first and second steps are mandatory. The third stage is optional with each community.

2302-M



29. CLASSES OF PROPERTY

The first step in implementing the Classification Act is to assign each property to the appropriate class. In most instances, the usage class has been determined in the course of the revaluation.

Assessors in Massachusetts must assign all real property in the city or town according to its use: - residential, open space, commercial, industrial space. Personal property constitutes a separate class.

Each parcel must always be assessed at full and fair cash value.

Class One - Residential - includes all property containing one or more units used for human habitation. The class includes accessory land and buildings such as swimming pools, tennis courts, garages and sheds. Single family homes are in this class, as are large apartment buildings. Hotels and motels are not included in this class.

Class Two - Open Space - includes land maintained in an open or natural condition which contributes significantly to the benefit and enjoyment of the public. Such land cannot be held for the production of income.

Class Three - Commercial - includes any property held for the purpose of conducting a business, such as office buildings, retail stores, etc.

Class Four - Industrial - includes any property involved in manufacturing, processing or extraction. It includes utility real property used for storage and generation purposes.

Personal Property - contains all taxable personal property of individuals, partnerships, associations and certain corporations. A large portion of this class is owned by public utilities.

Not all parcels of real property fall neatly into the four classes. Some property has a mixed commercial/residential use. The owner in such a case will receive one tax bill

showing the valuation for the commercial portion, the valuation for the residential portion, and the tax rates and tax due on each portion.

Every city or town must value all property at its full and fair cash value and every city or town must classify every parcel according to its use. All property in a city or town must be classified even if the city or town intends to tax all classes at the same rate. Only communities which have done both can, at local option, allocate the tax levy among classes of property.



30. MINIMUM RESIDENTIAL FACTOR

Based upon the total valuation of each class as submitted by the Assessors, the Commissioner determines a minimum residential factor for each city and town.

The method for calculating the minimum residential factor is set forth in the General Laws (Ch.58, §1A). The statute effectively sets a maximum limit on the amount of preference that may be extended to a favored class. The minimum residential factor is determined by the Commissioner based on arithmetical calculations based upon the statute.

The factor is 65% subject to such adjustment upwards as may be necessary to ensure that the percentage of the levy imposed on non-favored classes does not exceed 150% of the percentage the disfavored classes would have borne if no allocation were adopted. The minimum residential factor is affected by the mix of usage in a community. For example, if a community had no or very little commercial or industrial property, the minimum residential factor might be higher than 65% because the commercial/industrial class would reach the cap of 150% very quickly. Alternatively, if a community had a large share of disfavored property class, the minimum residential factor could be as low as 65%.

A recent amendment adopted by the Massachusetts General Court and signed by the Governor in 1988 authorizes the Commissioner of Revenue under certain circumstances to determine a minimum residential factor which would allow cities and towns to give a preferred class a greater discount (up to 50%) so long as the disfavored class is not taxed more than 175% of what those classes would have to pay without classification, provided that the residential portion of the levy is not reduced below its lowest post-revaluation/certification level.

The act was adopted to offset the tremendous tax shifts that would have occurred as a result of rapid appreciation of residential property in Massachusetts since the mid 1980's.

The Commissioner calculates the minimum residential factor for the city or town based on the limits contained in the statute as amended and informs the board of assessors of the factor.

By adopting a residential factor either at or above the minimum established by the Commissioner, a city or town is assured that the tax levies set for each class of property will fall within the limits prescribed by law.



31. ALLOCATING THE TAX LEVY

Upon certification by the Commissioner of Revenue that assessments represent full and fair cash values and receipt of the minimum residential factor, each city or town, annually, must conduct a public hearing on the issue of whether or not to implement the preferential allocation aspects of the classification act.

The public hearing and decision whether to allocate must occur each year prior to issuing tax bills.

The key policy issues to be decided are:

1. What will be the residential factor? The residential factor determines the share of taxes each class of property will pay.
2. What will be the open space factor?
3. Will there be a residential exemption and, if so, how much?

The key issue is to determine the share of the property tax burden to be borne by each of the classes of real and personal property. The selectmen of a town, or the city council with the approval of the mayor in a city, can decide that each class will bear taxes in proportion to the full value assessments of the class (classification factor of 1 - no shifting) or, alternatively, that any class will bear a lesser share of the tax burden. If one class receives a preferential rate, the other classes will have a higher rate and bear a higher tax burden.

The maximum amount of discount available to the preferred class is determined by the minimum residential factor calculated by the Commissioner of Revenue. The residential factor adopted cannot be less than the minimum residential factor calculated by the Commissioner.

Local officials are not required to give the maximum discount to any favored class. They may choose any factor between the minimum residential factor (the highest discount for residential property) and the factor of 1.0 (treatment of all classes of property alike). Alternatively, a residential factor may be selected above 1.0 which would treat commercial, industrial and personal property as the favored class (shifting the burden onto residential property.)

The Classification Act also authorizes a further discount for open space. Any discount given to open space must be absorbed by the residential class. The open space factor was included in the Act in recognition that higher taxes force owners to sell or develop open land. The Act allows the preferential treatment of vacant land to foster the holding of private lands in a natural and open state.

Once a residential factor is selected (and an open space factor, if any), the percentage to be borne by the remaining three classes can be calculated according to the provisions of G.L. ch.40, §56.

The percentages and factors selected are reported to the Commissioner of Revenue.



32. RESIDENTIAL EXEMPTION

Each city or town certified by the Commissioner of Revenue to be assessing all property at its full and fair cash value, must annually decide whether to adopt a residential exemption within the residential class for parcels that are the principal residence of a taxpayer.

A residential exemption is an assessed dollar amount of value that is exempt from taxation. It is a reduction in the amount of property tax that a homeowner would otherwise be asked to pay. For example, if the residential exemption was \$8,000, then a home with a market value of \$150,000 would be taxed on only \$142,000 of its value.

The residential exemption can be between 0% and 20% of the average value of all residential property in a city or town. For example, if the average value of a home was \$180,000, the residential exemption could range from \$0 to \$36,000 of value.

A residential exemption can only apply to the "principal residence" of a taxpayer. A principal residence is one in which the taxpayer lives and which is used as a permanent home and legal residence. Summer or vacation houses are not eligible.

The residential exemption does not affect the share of the property tax levy to be paid by the residential class, but does affect the taxes paid within the residential class.

For example, an owner-occupied home will receive the benefit of the residential exemption, while a non-owner occupied residence will not. Further, within the owner occupied class, the residential exemption would have a greater effect on lower value properties. The net effect of the residential exemption is a shift of tax burden within the residential class such that there is a higher effective rate on higher value property than on lower value property.

The residential exemption is a local option and is adopted in a town by the selectmen, and in a city, by the mayor with approval of the city council.

2245-M



CHAPTER SIX: TAX RATES

2377M



33. TAX LEVY

The annual assessment is determined as follows:

The Total Amount to be Raised includes all appropriations, debt and interest charges, overlay deficits of prior years, pension costs, state and county charges, allowance for abatements and exemptions (overlay), final court judgments and any other deficits.

The Estimated Receipts and Revenue from other sources include all estimated receipts from the motor vehicle excise tax, other excises, payments in lieu of tax, charges for service, fees, department revenues, license and permit fees, fines, investment income, state aid (cherry sheets), federal revenue sharing, and appropriations from any other available funds.

Amounts for each of these items are placed on the Tax Rate Recapitulation sheet that is filed with the Commissioner of Revenue. A tax rate will not be approved until the Commissioner determines that the estimated receipts, deductions and the overlay addition are reasonable and in full compliance with the law.

The Net Amount to be Raised by Taxation is calculated by subtracting Estimated Receipts and Revenue from all Sources from the Total Amount to be Raised.

The Net Amount to be Raised by Taxation is the property tax levy for that fiscal year.

The Net Amount to be Raised by Taxation cannot exceed the property tax levy limit for the city or town pursuant to Proposition 2 1/2.



34. PROPOSITION 2 1/2

Proposition 2 1/2 was adopted by the citizens of the Commonwealth as an initiative petition in 1980.

It's principal provisions are as follows: -

- o limits the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and personal property
- o limits the property tax levy (the amount of money to be raised by the property tax) to no more than a 2 1/2% increase over the prior year's levy limit (with certain provisions for new growth and construction).
- o provides for local overrides of the levy limit and a local option to exclude certain debt from the limit
- o limits certain state agency and authority assessments on the city or town to an increase of no more than 2.5% per year (except for services added by request)
- o repealed school committee fiscal autonomy and binding arbitration for public employees
- o prohibits unfunded state mandates
- o limits the motor vehicle excise to \$25 per thousand of value
- o allows renters a deduction on their state income tax

2137-M



35. TAX LEVY - PROPOSITION 2 1/2

Each year, the Commissioner of Revenue determines for each city or town, the maximum levy limit pursuant to Proposition 2 1/2 (G.L. ch.59, §21C).

In general, the total taxes assessed for any fiscal year cannot exceed an amount equal to 102 1/2% of the maximum levy limit for the preceding fiscal year. The maximum levy limit can be adjusted to reflect any new construction or new growth certified by the Department of Revenue.

The maximum levy limit can also be adjusted through several local referenda options, including overrides, debt exclusions, or capital expenditure exclusions. The City of Boston has not adopted any override or capital expenditure exclusion option set forth in Proposition 2 1/2.

No tax rate shall be fixed in any city or town until the rate has been approved by the Commissioner of Revenue as in compliance with Proposition 2 1/2.

2310-M



36. TAX RATE - COMPUTATION

Once the public hearing has been held and the percentages of the tax levy to be borne by each property class have been determined and approved by the Commissioner of Revenue, the Assessors, using those percentages, determine the local tax rates and submit the rates for final approval to the Department of Revenue. The percentages adopted and the final certified assessments must be used in determining the tax rates.

In a community which has decided not to allocate the tax levy (ie. has selected a residential factor of 1) the tax rate is determined by dividing the tax levy by the total assessed value of the city or town.

In a community which has decided to allocate its tax levy among classes of property (ie. has selected a residential factor more or less than 1), the tax rate for the particular class is determined by dividing the percentage of the tax levy that will be borne for the property class by the total assessed valuation of the property class.

No tax bill can be mailed until the rate has been approved by the Commissioner of Revenue. The Commissioner determines whether the amount to be raised by taxation, deductions and overlay comply with the law and are reasonable in amount. The tax rate may not be changed after it has been approved by the Commissioner and returned to the assessors.

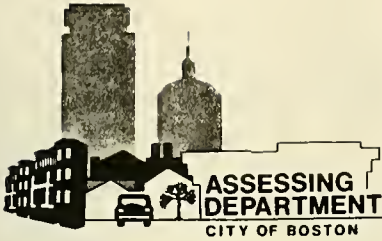
The Commissioner may not approve a tax rate which would allow the amount of property taxes levied to exceed the levy limit established by Proposition 2 1/2.

2311-M



CHAPTER SEVEN: TAX BILLS

2378-M



37. TAX BILL

After the tax rate is approved by the Commissioner of Revenue, the assessors commit their tax list (also known as a commitment list) to the collector of taxes. In Boston, tax bills are sent by the Collector-Treasurer of the City of Boston. Tax bills are generally mailed as soon as the list is received by the collector to the assessed person at the address where he or she resided on January first of the year to which the tax relates, or to a new property owner if the assessor's office has been notified.

The tax bill indicates the following information:

A. Assessed Owner

Property taxes for FY 1990 are assessed to the owner of the property on January 1, 1989.

If the property has been sold after January first, the new owner will not appear as the assessed owner until the next fiscal year billing cycle. For example, if a sale occurred on January 15, 1989, the tax bill in November 1989 and May 1990 will reflect the previous owner's name. The new owner's name will not appear on the bill until the November 1990 tax bill for FY 1991.

Even though the tax is assessed in the name of the previous owner, the new owner is responsible for all taxes once the sale is concluded.

B. Location

Indicates the location of the assessed property.

C. Ward/Parcel Number

Each parcel of property is assigned a unique ward and parcel identifying number in the City of Boston

D. Tax Rate

The tax rate is determined each year according to the process set forth in the General Laws and the guidelines issued by the Commissioner of Revenue.

The tax rate is expressed as a certain amount of dollars per one thousand dollars of valuation.

E. Classes of Property

The General Laws authorize the classification of real property into four classes (residential, open space, commercial and industrial). Cities and towns are further authorized to determine a different tax rate for each of the classes according to the classification formula set forth in the General Laws.

F. School/General Tax Rate

The tax rate for each class of real property is separated into that portion of the rate allocated to the support of local schools and that portion allocated to the general support of municipal government.

G. Class, Description, Value

The real property is indicated by class, a short identification by use or type, and the fair cash value.

H. Total Full Value

The fair cash value of the property on January 1, 1989. Fair cash value is the price that an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy.

I. Residential Exemption

The City of Boston is authorized to grant a residential exemption of not more than twenty percent of the average assessed value of all Class-one residential parcels to residential property which is the principal residence of the taxpayer. The residential exemption reduces the tax liability of owner-occupied residential properties. The exemption is expressed in dollars of valuation.

J. Total Taxable Valuation

The total taxable valuation is the total full valuation of the property, less the amount of any residential exemption.

K. First-half-Second half Tax

The total tax due is determined by multiplying the total taxable valuation by the tax rate for this class of property.

The total tax due is payable in two installments.

The first payment is due by November first, unless the bill was mailed after October first, in which case, the payment is due within thirty days of mailing. The second payment is payable by May first, or thirty days after the mailing of the second-half bill, whichever is later.

L. Betterments/Liens

A betterment assessment is a tax imposed on real property which receives a benefit from a public improvement, such as sidewalks. Betterment assessments constitute a lien on the land.

M. Total Tax and Betterments Due

The total of the real estate tax and any betterments.

N. Clause Exemption

The General Laws authorize a partial exemption from taxes for certain elderly, surviving spouse and children, blind, and certain veterans. If a taxpayer is eligible for an exemption, the amount in dollars will be subtracted from the total tax due. Generally, one-half of the exemption amount appears on the first half bill and one-half of the exemption amount on the second-half bill.

O. Payments-To-Date/Credits

Any payments made towards the tax due for the year will be subtracted from the total tax due.

P. Net Tax and Betterments

The total of all taxes and betterments less any exemptions and credits.

Q. Tax Due

Amount payable as a result of this bill.

R. Cost/Interest

The Collector of Taxes is authorized to add costs and interest if any payments are late. If a tax bill is mailed after October first and more than one-half of the tax remains unpaid after thirty days, interest will be computed at 14% from the date of the mailing of the bill. If the second-half of the tax is not paid by May first (or thirty days after the mailing of the second-half bill, whichever is later), the amount will be subject to a 14% charge from April first.

S. Pay This Amount By

Payments must be made within thirty days of the mailing of the tax bill. The date indicated is the last date that payment can be made without incurring interest.

Make checks payable to: City of Boston.

Mail payments to: City of Boston
P.O.Box 130
Boston, MA 02105

Any payment must be received in the Collector's office by the due date in order to avoid incurring an interest charge.



38. TAX BILLING INFORMATION

Important information about payment due dates, interest charges and abatement and exemption applications is contained on the reverse side of the tax bill.

The following is from the City of Boston FY 1989 tax bill:

FISCAL YEAR 1989 TAX: This bill shows the amount of real estate taxes you owe for fiscal year 1989 (July 1, 1988 - June 30, 1989). The tax shown in this bill is based on assessments as of January 1, 1988. The bill also shows betterments, special assessments and other charges.

PAYMENT DUE DATES/INTEREST CHARGES: You may pay the total amount you owe in two payments. Your first payment is due on November 1, 1988, or 30 days after the date tax bills were mailed, whichever is later, and must be at least one-half of the tax and any betterments, special assessments and other charges shown. You must pay the balance owed by May 1, 1989. If your payments are not made by their due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. Interest is computed on overdue first payments from October 1, 1988, or the date tax bills were mailed, whichever is later, and on overdue second payments from April 1, 1989, to the date payment is made. You will also be required to pay charges and fees incurred for collection if payments are not made when due.

Payments are considered made when received by the Collector. To obtain a receipted bill, enclose a self-addressed stamped envelope and both portions of the bill with your payment.

If you have a mortgage with a real estate escrow account, it is important that you forward this bill to the mortgagee in sufficient time so that the bill can be paid timely.

ABATEMENT/EXEMPTION APPLICATIONS: You have a right to contest your assessment. To do so, you must file an application for abatement in writing on an approved form with the Assessing Department. You may apply for an abatement if you believe your property is valued at more than its fair cash value, is not assessed fairly in comparison with other

properties, or is not properly classified. The filing deadline for an abatement application is October 1, 1988, or 30 days after the date tax bills were mailed, whichever is later.

You may be eligible for an exemption from or deferral of all or some of your tax. In order to obtain an exemption for which you are qualified, you must file an application in writing on an approved form with the Assessing Department. The filing deadline for an exemption such as elderly, surviving spouse or minor, blind, veteran, hardship and surviving spouse or minor of a police officer or firefighter killed in the line of duty under Mass. G.L. Ch.59, §5, Cls. 17D, 18, 22, 22A, 22B, 22C, 22D, 22E, 37A, 41C, 42 or 43, or a deferral under Cl. 41A is December 15, 1988, or 3 months after the date tax bills were mailed, whichever is later. The filing deadline for all other exemptions under Ch.59, §5 is October 1, 1988 or thirty days after the date the tax bills were mailed, whichever is later. The filing deadline for a residential exemption under Ch.59, §5C, if not shown on your bill, is 3 months after the date tax bills were mailed.

Applications for exemption or abatement can only be filed after the first-half bill. Application forms are available at the Assessing Department, Room 301, City Hall, Boston, MA 02201, Mondays-Fridays, 9:00 A.M. to 5:00 P.M.. Applications are considered filed when received by the Assessing Department. If your application is not received by the applicable deadline, the assessors cannot, by law, grant an abatement or exemption.

FURTHER INFORMATION

Assessments:

Assessing Information Center
Assessing Department
Collector-Treasurer
Room 301, Boston City Hall
Boston, MA 02201
(617)725-4287

Payments:

Taxpayer Services
Office of the
Mezzanine, Boston City Hall
Boston, MA 02201
(617)725-4120



39. PAYMENT OF TAX

The total tax due may be paid in two installments.

The first payment is due by November first, or if mailed after October first, on or before thirty days after the mailing of the bill.

The second payment is payable by May first.

If the tax bill was mailed before October first and more than one-half of the tax remains unpaid after November first, the outstanding amount will be subject to 14% interest computed from October first. If the tax bill was mailed after October first and more than one-half of the tax remains unpaid after thirty days, interest will be computed at 14% from the date of mailing.

If the second half of the tax is not paid by May first, the unpaid amount will be subject to a 14% interest charge from April first.

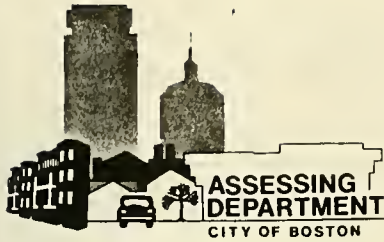
Payments may be made by mail or in person at the tax collector's office. If payment is made by mail, it must be received in the collector's office by the due date to avoid incurring an interest charge.

2315-M



CHAPTER EIGHT: ABATEMENT PROCEDURE

2380-M



40. ABATEMENTS AND EXEMPTIONS

An abatement is a refund of a property tax payment based upon a reduction of the assessed value of property. The filing of an abatement application is the first step if a taxpayer desires to protest his or her assessment. The abatement application must be filed within 30 days of the mailing of the first-half tax bill. The application is formal notice to the assessors that the taxpayer disagrees with the value assessed. The abatement process is the only legal method to correct an assessment.

An exemption is a partial or complete statutory forgiveness of tax due to the use of the property (for example, churches, post offices, and state authorities) or the status of the owner (for example, elderly, disabled veteran, blind, etc). Generally, a taxpayer has three months after the mailing of the tax bill in which to file an exemption application.

Assessors must act on all applications for abatement or exemption within three months from the date they are filed with the assessor.

An abatement or exemption, if granted, will result in a refund or a credit on the second half tax bill.

An abatement or exemption is applicable only to the tax year in which it is granted. Each year, a new assessment roll is produced based on the value and use of the property as of January 1. Obtaining an abatement in a given year does not mean that a taxpayer will automatically receive the same abatement in subsequent years. If a tax bill fails to reflect an abatement or exemption granted in the year previous, the taxpayer carries the burden of filing an abatement or exemption application within the required time period and reestablishing that he or she is eligible for the abatement or exemption.

A taxpayer may appeal a determination of the assessor on an abatement or exemption application to the Appellate Tax Board of the Commonwealth of Massachusetts within three months from the date the assessors acted, or the date the application was deemed legally denied by inaction.

When an appeal has been properly filed at the Appellate Tax

Board, the assessor can continue to officially review and act on the application.

If the statutory time periods are not followed, neither the assessor nor the state Appellate Tax Board can legally take any action upon the application.



41. GUIDE TO APPLICATION DATES

ABATEMENTS AND EXEMPTIONS

<u>Abatement/Exemptions</u>	<u>Statutory Citation Mass. General Law</u>	<u>Application Date(Statute)</u>
1. Abatement - Overvaluation Improper Classification Disproportion	c.59, §59	Within 30 Days After Mailing Of Tax Bill
2. Exemption - Residential	c.59, §5C	Within 3 Months After Mailing Of Tax Bill
3. Exemption - Elderly Surviving Spouse/Child Blind Veteran Surviving Spouse/Child Hardship	C.59, §5 (41C) C.59, §5 (17D) C.59, §5 (37A) C.59, §5 (22, 22A, 22B, 22C, 22D, 22E) of Police/Fire C.59, §5 (42 & 43) C.59, §5 (18)	Within 3 Months Mailing Of Tax Bill
4. Exemption - Charitable	C.59, §5 (Third)	Within 30 Days After Mailing Of Tax Bill
5. Exemption - All Other	C.59, §5	Within 30 Days After Mailing Of Tax Bill
6. Deferral	C.59, §5 (41A)	Within 3 Months After Mailing Of Tax Bill



42. GROUNDS FOR ABATEMENT

A taxpayer may contest his or her property tax liability on the following grounds:

- o Overvaluation
- o Disproportional Assessment
- o Improper Classification
- o Exemption

Overvaluation

Overvaluation involves the claim that the assessment exceeds the fair cash value of the property on the assessment date.

For example, if a tax payer's residence was worth \$100,000 on the open market on January 1, 1989 and the assessed value for FY 1990 is \$125,000, the taxpayer would file an abatement based on overvaluation.

Disproportional Assessment

Disproportional assessment is the claim that a taxpayer's property was assessed at a proportion of fair cash value greater than the average proportion at which other properties in the city were assessed.

For example, if the value of a parcel of property is \$100,000 and is assessed for \$80,000, the assessment ratio is 80% (assessed value divided by fair market value). If a taxpayer can prove that all other property or all property in the same class is assessed at 50% of fair market value, an abatement may be granted reducing the assessment to \$50,000 (50% of \$100,000). To claim an abatement for disproportionate assessment, a taxpayer must first establish the value of his or her property in order to develop the assessment ratio, and then prove that this ratio is higher than the average rate at which all other properties, or all properties in the same class, are assessed.

Improper Classification

The use of the property on the assessment date will determine the class to which the property is assigned. An abatement may be warranted where there is an improper classification of use, or where property is used for several purposes and the percentage allocation of such use is in error.

For example, if a building contained a commercial use on the ground floor and two apartments on the upper floors, the tax bill might indicate an allocation of 30% to commercial use and 70% to residential use (and be taxed at the rate appropriate to that class). If the percentage allocation is claimed to be erroneous, a taxpayer would file an abatement application on the grounds of improper classification.

Exemption

The General Laws of the Commonwealth provide an exemption from taxation for certain types of property and a partial exemption from taxation for certain classes of individuals. A partial exemption is available for real property of certain veterans, blind persons, elderly, surviving spouse, surviving minor children, aged and infirm, and persons facing unusual hardship.



43. FAIR CASH VALUE STANDARD

The standard of valuation of real property is fair cash value. Fair cash value is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and it cannot exceed the sum which the owner after reasonable effort could obtain for the property.

When valuing residential parcels, the Assessing Department normally relies upon the market data or comparable sales approach. The taxpayer should look at recent sales of houses in the neighborhood and compare the features of these properties with his or her own in order to estimate the fair market value of the taxpayer's house.

The value of other types of property such as commercial or income property are determined by the cost approach, market data approach, or capitalization of income approach.

Assessments are based on the valuation of the property on the assessment date. The assessment date in all cities and towns in Massachusetts is the January first prior to the beginning of the fiscal year for which the tax is assessed. For example, for FY 1990, the assessment date is January 1, 1989.



44. ABATEMENTS - WHO MAY APPLY

Only the following persons can apply for an abatement:

- o the person to whom the tax has been assessed;
- o the administrator of his or her estate;
- o the executor or trustee under a will;
- o a tenant paying rent and under obligation to pay more than one-half the tax;
- o a person other than the person assessed if he pays the tax and is the owner, or has an interest in the property, or is in possession;
- o a mortgagee if he pays more than one-half of the tax and files for an abatement between September 10 and October 1;
- o a person acquiring title after January 1.

An authorized agent can sign an abatement application for any of the persons listed above.



45. APPLICATION PROCEDURE

An application for abatement must be filed within thirty days of the mailing of the tax bill. The thirty day period begins to run the day the tax bill is mailed, not the day the taxpayer receives the bill.

Abatement application forms are available in the Assessing Department, Room 301, City Hall, Boston, Mass.

All applications must be filed at the Assessing Department prior to the expiration of the statutory abatement period. Applications should be filed in person rather than through the U.S.mail. Assessors cannot act on an application that is filed late.

The tax abatement procedure is governed by the General Laws of the Commonwealth of Massachusetts. There are procedural requirements and deadlines which must be met in order to be eligible for abatement. While it is possible for a taxpayer individually to file and pursue an abatement, the process is complex and, at times, the advice of legal counsel may be required.

2227-M



46. PAYMENT OF TAX

If the total tax is more than two thousand dollars, the taxpayer must pay the full tax due on time or the right to appeal a decision of the Assessing Department to the Appellate Tax Board may be jeopardized.

There is an alternative three year average method of payment (M.G.L. c. 59, s. 64) and a procedure through which the Appellate Tax Board can extend the time for payment of the second half tax (M.G.L. c. 59, s. 65B). Any unpaid balance will accrue interest and fees, and the taxpayer will receive delinquent notices.

With respect to personal property, a taxpayer must pay at least one half of the tax to preserve his or her rights, regardless of the total amount of the personal property tax bill.

2228-M



47. INFORMATION REQUEST

When the application for abatement is filed, the taxpayer will be requested to provide additional information required by the assessors to determine the merits of the claim.

In the case of an abatement application based on overvaluation, improper classification or disproportionate assessment, the taxpayer will be provided with an information requisition form that must be returned within sixty days. Failure to complete and return the form within the time specified will result in a denial of the abatement application and may bar an appeal to the Appellate Tax Board.

In the case of an applications for various exemptions, specific forms must be completed and filed setting forth the qualifications of the taxpayer.

It is always in the taxpayer's interest to file all required forms as early as possible so that the assessors may make a timely decision.

2229-M



48. ASSESSOR ACTION

The Assessing Department has three months in which to act on applications for abatement which have been filed on time. A reasonable abatement will be granted if the property was assessed in excess of its cash value, at more than its just proportion, or improperly classified.

The Assessing Department attempts to review within the statutory time period all abatement applications that have been filed timely with required supporting material.

If an abatement is granted, a notice of approval will be mailed to the taxpayer indicating the amount to be abated.

A notice of denial will be mailed if no abatement will be granted by the Department.

An inaction notice indicates that the abatement application has not been processed within three months of filing and that the application is deemed denied by operation of law. M.G.L. c. 59, s. 64.

2230-M



49. APPEAL TO APPELLATE TAX BOARD

If the taxpayer is dissatisfied with the decision of the Assessing Department or if the application is deemed denied by reason of inaction, the taxpayer may file an appeal with the Appellate Tax Board. The Appellate Tax Board is a state administrative agency authorized to hear appeals of decisions of local boards of assessors with respect to abatements.

The appeal must be filed within three months of an approval or denial of an abatement application by the Assessing Department, or within six months of the date the application for abatement was filed, if there was no decision or if the taxpayer received a notice of inaction.

The Appellate Tax Board is located on the tenth floor of the Leverett Saltonstall State Office Building, 100 Cambridge Street, Boston, MA 02109. Telephone number 727-3100.

During the appeal period (within three months from the notice of the assessors' decision or three months from the date the application is deemed to be denied), or while the appeal is pending before the Appellate Tax Board, the assessors may agree to abate the tax in whole or in part in final settlement of the application .

A taxpayer whose tax is abated will, if the tax has been paid, be reimbursed the amount of the abatement with interest at 8% from the time of payment of the tax.

The decisions of the Supreme Judicial Court make it clear that taxpayer adherence to the time schedule contained in the General Laws is an essential prerequisite to an effective application for abatement of a tax and to the prosecution of an appeal to the Appellate Tax Board

2231M



CHAPTER NINE: RESEARCH RESOURCES - PROPERTY TAX

2417-M



50. ASSESSOR RECORDS

The following records are generally found in an assessing office.

- (1) Assessing maps - indicates parcels, lot numbers, parcel dimensions, structures and subdivisions.
- (2) Ownership - lists owners of property as of January first.
- (3) Property Record File - contains all current descriptive physical data for each parcel, including location, building characteristics, use information, building perimeter sketch, and legal description and title reference.
- (4) Sales File - record of sales occurring in the community for a particular year.
- (5) Valuation Book - contains owner's name and address, location of property, classification and valuation of real and personal property in the city or town for a fiscal year. The book includes a description of all property exempt from tax and a reference to the law by which the exemption is allowed.
- (6) Exemption File - contains applicant's name, address, year of application, type of exemption, and amount of exemption granted.
- (7) Abatement Records - abatements which are granted are posted in books available to the public. Abatement records indicate the name of the owner, the year in which the tax is assessed, the total amount of tax, the date of the abatement, amount of abatement, and statutory reference. Applications for abatement are not public records.
- (8) Betterment records - lists improvements made to property such as street, sewer or sidewalk assessments.
- (9) Corporation book - lists organizational status of business in Commonwealth, including those which have been designated as manufacturing corporations.

Assessor offices also contain personal property records, charitable organization returns, and reports and returns required to be filed with the Commissioner of Revenue.

Not all of these records are public. The following section describes in greater detail the standards applicable in determining whether a record is public.

2418-M



51. DISCLOSURE OF ASSESSMENT RECORDS

Assessors require large amounts of information in order to value property. In recent years, concern has been expressed that this large amount of data may be obtained by private individuals for purposes unrelated to the assessing function.

In weighing the need for public access to assessor's records to ensure fair assessments, versus the concern that the assessor's office could become a business information source about the local real estate market, the Massachusetts General Court enacted Chapter 385 of the Acts of 1986 regarding the disclosure of certain assessment records and establishing guidelines for the release of records in an electronic form.

Public records are broadly defined in Massachusetts. However, Chapter 385 exempts from the public record definition certain information which is provided to the assessors pursuant to a statutory information request. Such information is open only to the inspection of the assessor, the Commissioner of Revenue, their staffs and local officials in the performance of their official duties except where inspection is ordered by the Appellate Tax Board or a court or in cases where the assessed owner requests market data relating to any comparable sale used by assessors in determining the value of his or her property.

Chapter 385 further specifies that the public records law is not deemed to authorize public access to terminals from electronic data processing equipment.

Applications for abatement are not public records.

All abatements which are approved by the assessors are considered public records.

Assessing records which are public in the City of Boston are available in the Assessing Information Center, Assessing Department, Room 301, City Hall, Boston, Mass., Monday - Friday 9:00 AM - 5:00 PM. AIC personnel are available to assist individuals who seek public record information.

If a record is not immediately available or if there is a question as to whether the record is excluded from the

definition of public record, make the record request in writing, specifying with as much detail as possible the record sought, and file the request with the Assessing Information Center. You will be notified within ten days as to whether the record may be inspected and a copy obtained.



52. PUBLICATIONS - MASSACHUSETTS PROPERTY TAXATION

Commerce Clearing House, Massachusetts Tax Reports. Chicago Illinois (1983) looseleaf.

Department of Revenue, Comm. of Mass., Assessor's Manual: Assessment-Administration-Law-Procedure-Valuation. Boston Mass., (1985).

Franklin, D., Jankowski, T., Torto, R. Massachusetts Property Revaluation: Taxpayers Rights and Legal Procedures. Butterworth Legal Publishers, Boston, Mass., (1983)

Goren, R. "A New System of Property Taxation".
65 Massachusetts Law Review 209, Mass. Bar Assn., Boston, Mass., (1982)

Kleinfeld, R. Massachusetts Appellate Tax Board Reporter, Butterworth Legal Publishers, Boston, Mass., (1983) looseleaf.

Malme, J. "Mandate for Assessment Uniformity: The Massachusetts Experience," Property Tax Journal, Sept. 1982, p. 175-184.

Marzelli, R. Handbook of Mass. Real Estate Taxes and Abatements, Lawyers Weekly Publications, Boston, Mass. 1980.

Massachusetts Assn. of Assessing Officers, MAAO Newsletter (monthly).

Massachusetts Continuing Legal Education - NELI, Real Estate Tax Abatements, MCLE-NELI, 44 School St., Boston, Mass. 1988

Prentice Hall, Inc. State and Local Tax Service - Massachusetts, Englewood Cliffs, New Jersey, (1953) looseleaf.

Randall, D., and Franklin, D. Municipal Law and Practice, Massachusetts Practice. Vols. 18, 18A, 18B. West Publishing Company, St. Paul, Minnesota 1982.

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8/88



53. LIST OF ASSESSING DEPARTMENT FORMS

A. REAL ESTATE

1. Abatement Application - Real Property
2. Information Requisition
3. Information Requisition - Residential - 1-3 Unit

B. PERSONAL PROPERTY

1. Abatement Application - Personal Property
2. Form of List

C. EXEMPTIONS AND DEFERRALS

1. Residential Exemption Application
2. Elderly Exemption Application (CL 41C)
3. Blind Exemption Application (CL 37A)
4. Surviving Spouse, Minor Children, Elderly Exemption Application (CL. 17D)
5. Surviving Spouse, Minor Children, Elderly Exemption Application, Police and Fire killed in line of duty (CL. 42/43)
6. Veteran Exemption Application (CL. 22, 22A-E)
7. Tax Deferral Application (CL. 41A)
8. Hardship Exemption (CL. 18)

D. CHARITABLE ORGANIZATIONS

1. Application for Exemption (1B3)
2. Annual Return (3ABC)

E. MOTOR VEHICLE/BOAT EXCISE

1. Abatement - Motor Vehicle Excise
2. Exemption - Motor Vehicle Excise
3. Boat Excise Return
4. Abatement Application - Boat Excise

2420-M



**ASSESSING
DEPARTMENT**
CITY OF BOSTON

**54. ASSESSING DEPARTMENT
CITY OF BOSTON**

LIST OF TAXPAYER PUBLICATIONS

A. STATUTORY EXEMPTIONS

- | | |
|--|--|
| 1. ELDERLY (CLAUSE 41C) | 6. SURVIVING SPOUSE AND
MINOR CHILDREN-POLICE
AND FIRE PERSONNEL
KILLED IN LINE OF DUTY |
| 2. SURVIVING SPOUSE
MINOR CHILDREN,
ELDERLY (CLAUSE 17D) | 7. TAX DEFERRAL
(CLAUSE 41A) |
| 3. VETERANS (CLAUSE 22) | 8. CHARITABLE
ORGANIZATIONS |
| 4. BLIND (CLAUSE 37A) | 9. RELIGIOUS ORGANIZATIONS |
| 5. HARDSHIP (CLAUSE 18) | |

B. TAXPAYER ADVISORY PAMPHLETS

- | | |
|---|--|
| 1. EXPLANATION OF
PROPERTY TAX BILL
#89-1 | 5. ABATEMENT
INFORMATION
#89-5 |
| 2. PROBLEM RESOLUTION
FY 1989 TAX BILL
#89-2 | 6. RESIDENTIAL EXEMPTION
#89-6 |
| 3. APPLICATION DEADLINES
ABATEMENT AND
EXEMPTIONS | 7. PERSONAL PROPERTY
TAX
#89-7 |
| 4. ABATEMENT AND
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#89-4 | 8. FY 1989 REVALUATION
#89-8 |
| | 9. FY 1989 TAX BILL INSERT
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#89-8 |
| | 10. ABATEMENT APPLICATION
INFORMATION -
TRANSLATIONS IN SPANISH,
ITALIAN, CHINESE |

C. REPORTS

1. FY 1989 PROPERTY TAX
FACTS AND FIGURES
2. FY 1989 PROPERTY
REVALUATION
3. ANNUAL REPORT FY 1988
ASSESSING DEPARTMENT
4. ANNUAL REPORT - TAX
EXEMPT PROPERTY
FY 1988

The materials listed above are available in the Assessing Information Center, Assessing Department Room 301, City Hall, Boston, Mass. Taxpayers may obtain copies in person, or order by telephone 725-4287) or by mail. Please allow 2-3 weeks mailing.



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